Disproportionate Early-Pandemic Impacts on Housing Hardship across Racial/Ethnic Groups

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Introduction

In April 2020, the US unemployment rate skyrocketed to 14.7%, as approximately 20.5 million Americans lost their jobs (Bureau of Labor Statistics, 2020). Households who cannot earn income or rely on savings during an economic shutdown run the risk of losing their housing through eviction or foreclosure (Niedt & Martin, 2013), and these risks are particularly acute for economically vulnerable populations such as racial/ethnic minorities and low-income households, who faced higher rates of housing hardship prior to the pandemic (Greenberg et al., 2016; Heflin, 2016) and higher rates of job loss during the pandemic (Fairlie et al., 2020; Karpman et al., 2020). The vulnerability of racial/ethnic minorities to housing hardship stems from a long history of policies and practices such as workplace discrimination, housing segregation, redlining, discriminatory mortgage lending, and others, which have created steep barriers for Blacks and Hispanics in building, maintaining, and transferring assets (Massey, 1990; Rothstein, 2017). The resulting wealth gap left Black and Hispanic households with lower levels of liquid savings prior to the pandemic (Bayer et al., 2016; Shapiro et al., 2013), which otherwise might be used to insulate against hardship.

Understanding and combating housing hardship in economically vulnerable populations is essential to a sound public health response to the ongoing pandemic, as well as broader efforts to promote economic mobility in these groups. To that end, this study aims to address two research questions: (1) Has the pandemic had disproportionate impacts on housing hardship across racial/ethnic groups? (2) Do pre-pandemic liquid assets and employment shocks during the pandemic mediate the relationship between race and housing hardship?

Data and Methods

Data for this study come from Wave 1 of the Socioeconomic Impacts of COVID-19 Survey, which was collected through an online survey panel provider between April 27 and May 12, 2020. Quota sampling was applied to ensure that the sample represented United States demographic characteristics with respect to age, gender, race/ethnicity, and income. The survey response rate was 10.8 percent, with 16,200 adults entering the survey. After excluding respondents who failed to meet quota requirements and survey quality checks and limiting the sample to current renters and homeowners, the final sample consisted of 4,217 respondents. Due to small sample size for other racial/ethnic identifications, we chose to focus our analysis on non-Hispanic White, Black, and Hispanic respondents.

Housing hardships were measured by asking respondents whether they or someone in their household had experienced (1) eviction/foreclosure, (2) rent/mortgage delinquency, and (3) utility bill payment delay in the past three months. Given that the survey was administered from late April to mid-May, the timeframe covered by these measures—three months prior to the date of the survey—allows us to observe hardships that occurred specifically within the first months of the pandemic.

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We use a series of logistic regression models to identify disproportionate pandemic impacts on each type of housing hardship (eviction/foreclosure, rent/mortgage delinquency, and utility payment delay) across racial/ethnic and income cohorts. In addition to race/ethnicity, income cohort, and the interaction of race/ethnicity and income, we controlled for a set of demographic characteristics as well as geographic fixed effects. We also use Buis' (2010) model to test the potential mediation effect of pre-pandemic savings levels on the experience of housing hardship.

Results

Table 1 reports descriptive statistics for the sample as a whole and for each racial/ethnic group. Rates of housing hardship in the three months prior to the survey were relatively high: 3.2% of participants reported being evicted by a bank or a landlord, 7.8% had a mortgage or rent payment delinquency, and 11.7% had skipped paying a utility bill or paid a bill late. Respondents from both minority groups reported lower pre-pandemic liquid assets than White respondents; the median among Black respondents was $1,800, the median among Hispanic respondents was $4,000, and the median among White respondents was $7,250.

Experiences of housing hardship varied by both income and race/ethnic identity. Respondents in the low and moderate-income (LMI) group had 1.3 times greater odds of experiencing eviction, 2.5 times greater odds of rent/mortgage delinquency, and 3.0 times greater odds of utility payment delay. Hispanic respondents had 1.3 times greater odds of experiencing eviction that White respondents. Black respondents had 1.4 times higher odds of rent/mortgage delinquency and 1.7 times greater odds of utility bill payment delay than White respondents.

Predicted probabilities of housing hardships for White and Black households varied by income group. We found no significant differences between high-income White respondents and high-income Black respondents in risks of any of the three housing hardship indicators after controlling for covariates ($p > 0.05$). In the LMI group, however, the risks of delinquency and utility bill payment delay were significantly different between the two racial/ethnic groups; compared to White respondents in the LMI cohorts, LMI Black respondents had 1.4 times higher odds of delinquency on both housing payments (9.1% vs. 12.6%, $p < 0.05$) and utility bill payments (12.6% vs 18.0%, $p < 0.001$). In contrast, comparisons between White respondents and Hispanic respondents showed only one significant difference in housing hardship risk: LMI Hispanic respondents had more than twice the odds of eviction as LMI White respondents (3.3% vs. 7.0%, $p < 0.05$).

Table 2 displays the indirect mediation effects of pre-pandemic liquid assets (Panel A) and job/income loss (Panel B) on the relationship between race/ethnicity and the three types of housing hardship. Pre-pandemic liquid assets significantly mediated the Black/White gap in all measured housing hardships, and significantly mediated the Hispanic/White gap in housing payment delinquencies and utility bill payment delinquencies. By contrast, pandemic-related job/income loss did not significantly mediate the Black/White gap for any housing hardships, though it did significantly mediate the Hispanic/White gap in eviction and utility bill payment delinquencies.

Implications

Our results show that the pandemic had disproportionate impacts on housing hardship across racial/ethnic groups, with Black and Hispanic households suffering larger effects than White households. While these results show significant differences, the fact that evictions frequently take months to carry out means that these early results likely do not capture the full effects of the pandemic on these disparities. Housing hardship disparities appear to be partially mediated by pre-pandemic liquid assets, especially when comparing Black households to White households. In contrast, pandemic-related employment shocks during the pandemic partially explain housing hardship disparities between Hispanic and White households, but not between Black and White households.

Intergenerational economic inequities, leading to liquid asset gaps between racial/ethnic minority and White households, appear to be perpetuating housing disparities during the COVID-19 pandemic. Higher rates of evictions among Black and Hispanic LMI homeowners indicate a need to focus recovery resources in these communities both during and after the pandemic. Additionally, the fact that savings appear to be very protective against eviction, mortgage delinquency, and utility bill payment delay among Black homeowners indicates that promoting savings and asset building in these communities should be

an essential component of any economic recovery strategy, as this can make these households more resilient to future economic shocks.

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Table 1. Summary statistics of variables in use

	Overall	By race/ethnicity		
		White	Black	Hispanic
Housing-related hardships				
Eviction	3.2%	3.2%	1.9%	4.2%
Mortgage/rent delinquency	7.7%	6.9%	9.5%	9.3%
Utility payment delay	11.6%	10.0%	16.9%	13.4%
Race/Ethnicity				
White	67.0%	100.0%		
Black	13.9%		100.0%	
Hispanic	19.0%			100.0%
Income*				
Very low income, AMI=[0, 50)	21.4%	19.4%	29.5%	22.3%
Low income, AMI=[50, 80)	18.6%	17.8%	21.6%	19.1%
Moderate income, AMI=[80, 120)	20.7%	19.0%	21.5%	26.0%
Middle income, AMI=[120, 170)	17.5%	18.4%	14.0%	16.9%
High income, AMI=[170,)	21.9%	25.4%	13.5%	15.7%
Liquid assets **				
Liquid asset amount ($, median)	$5,500	$7,250	$1,800	$4,000
Job/income shock				
Lost job/income	28.4%	29.3%	22.5%	29.5%
Gender				
Female	49.4%	42.6%	69.2%	58.9%
Age				
18-25	10.8%	14.7%	3.1%	2.6%
25-34	18.6%	20.6%	11.2%	16.8%
35-44	16.7%	14.1%	19.1%	24.0%
45-54	18.1%	17.4%	19.4%	19.3%
55+	35.9%	33.2%	47.2%	37.2%
Marital status				
Married	52.5%	53.9%	38.7%	57.9%
Single, never married	32.9%	34.0%	36.1%	26.5%
Single, separated, divorced, widowed	14.6%	12.1%	25.2%	15.6%
Educational Attainment				
High school/GED or lower	73.8%	74.7%	76.8%	68.2%
Some college/Certificate/Associate's degree	12.7%	12.0%	13.3%	14.7%
Bachelor's degree	9.9%	10.2%	7.0%	11.1%
Graduate or professional degree	3.6%	3.0%	2.9%	6.0%
Dependents				
No dependents	12.0%	11.2%	13.6%	13.7%
1	30.8%	28.3%	36.3%	35.5%
2	31.4%	32.6%	27.9%	29.6%
3+	25.8%	27.8%	22.1%	21.2%
Homeownership				
Own home, with mortgage	42.2%	41.4%	40.0%	46.3%
Own home, without mortgage	27.4%	30.4%	20.6%	22.0%
Rent home	30.4%	28.2%	39.4%	31.6%
N	4,217	2,827	587	803

Reference groups are underlined.

[a] Areal Median Income (AMI) were estimated in 2019 at the country level; in the regression analysis, income groups are broken into two groups (Very low-, Low-, and Moderate- income group vs. Middle- and High-income group)

[b] In the regression analysis, liquid asset amounts are winsorized at upper 99th percentile.

Table 2. Mediation effects of liquid asset amounts and COVID-19-related job/income loss

	Black to White			Hispanic to White		
	Eviction (1)	Delinquency (2)	Utility Bill (3)	Eviction (4)	Delinquency (5)	Utility Bill (6)
Panel A: Liquid asset amount						
Total effect $^{odds\ ratio}$	2.487***	2.364***	1.746***	2.159**	2.139**	1.506***
	(0.418)	(0.435)	(0.281)	(0.589)	(0.550)	(0.184)
Indirect effect $^{odds\ ratio}$	1.364***	1.239***	1.239***	1.212***	1.138***	1.138***
	(0.085)	(0.058)	(0.033)	(0.051)	(0.034)	(0.022)
Direct effect $^{odds\ ratio}$	1.823***	1.909***	1.408*	1.782*	1.880*	1.324**
	(0.294)	(0.379)	(0.212)	(0.510)	(0.468)	(0.142)
Indirect effect/Total effect	34.1%***	24.9%***	38.5%***	25.0%	17.0%**	31.5%***
Panel B: Job/income loss						
Total effect $^{odds\ ratio}$	2.322***	2.225***	1.589**	2.295**	2.132**	1.450**
	(0.360)	(0.431)	(0.259)	(0.638)	(0.594)	(0.172)
Indirect effect $^{odds\ ratio}$	1.070	1.056	1.052	1.253***	1.204***	1.190***
	(0.044)	(0.037)	(0.032)	(0.053)	(0.041)	(0.041)
Direct effect $^{odds\ ratio}$	2.169***	2.106***	1.510**	1.832*	1.771*	1.218
	(0.356)	(0.398)	(0.241)	(0.498)	(0.499)	(0.131)
Indirect effect/Total effect	8.1%	6.9%	11.0%	27.1%**	24.5%	46.8%***

Gender, marital status, number of dependents, educational attainment, homeownership, pre-pandemic annual income (2019) and division fixed effects are controlled.
Exponentiated coefficients for total/indirect/direct effects
Bootstrap standard errors in parentheses
* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$